

HOW WORK AFFECTS YOUR DISABILITY ANNUITY

WORK IN THE RAILROAD INDUSTRY—Your annuity cannot be paid when you work for a railroad or other employer in the railroad industry.

EARNINGS OF MORE THAN \$400 (AFTER DEDUCTION OF DISABILITY-RELATED EXPENSES) FROM ANY WORK—Your annuity cannot be paid for any month you do any work and earn over \$400 after deduction of disability-related work expenses.

Earnings. This includes wages before payroll deductions, commissions, and other payments for work (such as room and board) and earnings from self-employment.

Disability-Related Work Expenses. These are special expenses that you pay which are necessary in order for you to work (for example, prescription medications, medical services, attendant care, medical devices, equipment, prosthesis, or similar items or services). These expenses may be deductible from your monthly earnings. If you wish to deduct such expenses from your earnings, please contact the nearest office of the Railroad Retirement Board.

Penalties for Late Reports. If you earn over \$400 after deduction of disability-related work expenses a month and do not report it to us within two months, you will be penalized. In addition to withholding your monthly annuity, these penalties will apply:

- The first time that you report late, the penalty is one month's annuity.
- The second time that you report late, the penalty is one month's annuity for each month you earned over \$400 after deduction of disability related work expenses.

End-of-the-Year Adjustment. If your annuity was adjusted because you reported earnings of over \$400 after deduction of disability-related work expenses, we will send you a form on which to report your earnings. Annuity payments that have been withheld will be paid if you earned less than \$5,000 after deduction of disability-related work expenses.

- If you earned \$5,000 or more after deduction of disability-related work expenses, you will not be entitled to an annuity for some months; the number depends on how much you earned.
- You will lose one month's annuity for each \$400 that you earned over \$4,800. (Fractions of \$200 or more are counted as \$400.)
- Penalties for late reports apply to end-of-year adjustments.

WORK FOR YOUR LAST NONRAILROAD EMPLOYER—Your Tier II and supplemental annuity, if any, are subject to deductions for earnings from your last nonrailroad employer. The deduction is \$1 for each \$2 in earnings not to exceed 50% of these components.

SUBSTANTIAL GAINFUL ACTIVITY—Substantial gainful activity is (in general) work which results in earnings of over **\$830 per month**. It also refers to work activity involving the performance of significant physical or mental duties, or a combination of both, which are productive in nature. If you work and are receiving an annuity based on total and permanent disability, or if you have a disability freeze or early Medicare, you may be subject to a finding of substantial gainful activity.

RECOVERY FROM DISABILITY—Your annuity payments will end if, before you reach full retirement age, you recover from the disability on which your annuity was based. If a period of disability (disability freeze) has been established and you engage in substantial gainful activity or your condition improves, the disability freeze will be terminated. When a disability freeze is terminated, Medicare coverage before full retirement age will terminate, and the amount of any increase in your annuity because of the disability freeze will no longer be payable.